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THE LEAGUE'S BUSINESS

What Are We Going to Do About

GOVERNMENT CONTROL OF LIQUOR
THE CRISIS IN MUNICIPAL FINANCE
IMPROVING MUNICIPAL CREDIT
MEETING NEW EMERGENCIES IN LOCAL GOVERNMENT
THE FEDERAL PUBLIC WORKS PROGRAM

These and other pressing problems will be discussed and conclusions reached at the

NATIONAL CONFERENCE ON GOVERNMENT*

to be held at

Hotel Haddon Hall

Atlantic City, New Jersey

November 9-10-11

If you are keeping abreast of events that are moving with terrific speed, you will insist on coming to Atlantic City.

Colonel H. M. Waite will be there to talk about the cities and the public works program. Governor Winant of New Hampshire will be there to tell the story of recent constructive economy developments in his state. Governor Moore of New Jersey, Dr. Charles E. Merriam, and other nationally known leaders in the field of state and local government will be present.

It's the most important meeting of the year to you.

For the first time the National Municipal League has reduced rates guaranteed in advance. Simply present your certificate when you buy your ticket and you save two-thirds of the fare back.

Members are earnestly requested to invite their wives to accompany them to this Conference. Many of the sessions will appeal to the ladies; but for those who will consider their trip a short vacation, Atlantic City holds innumerable attractions. The famous Boardwalk, seven miles in length, with its unobstructed view of the Atlantic Ocean, the gay shops, interesting auctions, the broad verandas and sun decks of the hotel, and the regular afternoon teas which we are planning to have for the ladies should make the three days pass all too quickly. And on Saturday night no one will want to miss the entertainment and dance to culminate a remarkable occasion.

*Participating groups—National Municipal League, National Association of Civic Secretaries, Proportional Representation League, Governmental Research Association, and National Conference on Citizens' Councils.

(League's Business Continued on Page 540)



White Light Ahead!

MUNICIPAL government throughout the country today presents an odd mixture of hope and despair, triumph and defeat, cheer and gloom. In cities where the manager plan, or its occasional counterpart in intelligent, efficient administration, has been able to keep a jump ahead of the depression, or in states where financial planning is the custom, we find tax collections satisfactory, adequate local services being rendered, and credit available at low terms. The state of New York, for example, is borrowing money at 1 per cent, and the city of Bangor, Maine, at but slightly more than 1 per cent. Yet the state of Arkansas cannot borrow money at all, the city of New York is paying 6 per cent, and many municipalities are in a state of financial chaos. Providence, Rhode Island, and Cincinnati, Ohio, are collecting nearly 100 per cent of their taxes, yet the number of cities is legion where tax delinquencies threaten a paralysis of local government.

The financial picture is more real if its significance is interpreted in terms of community activity. In those cities where local government is still sound financially, life is going along much the same. Children are leading a normal life at school, the unemployed are being adequately cared for, street repairs are being made as needed, libraries are open

and doing a land office business, and parks and playgrounds are filling an important niche in the lives of those who have leisure.

In West Virginia cities and counties, local government has shut down entirely, due to a combination of tax limitation laws and judicial decisions. In such places, police and fire protection stops, schools close their doors, filth accumulates in streets and holes remain to menace life and limb, public health nurses no longer pay their needed visits, men, women, and children starve because there is no agency to feed them.

This is no exaggeration. On the contrary, it is the inevitable fate of generalization to have the effect of understatement. Were the same story to be told in terms of the experience of pretty, seven-year-old Sallie with the laughing eyes, the human drama would unfold and stir the reader to his depths.

Why is it that municipal government presents such vivid contrast? That one city is sound and secure, while its neighbor struggles with all the ills that flesh is heir to? We need more information than is at present available to answer that question completely.

Yet out of the chaos comparisons and contrasts are forcing recognition of sound principles of municipal administration. It is becoming quite apparent that a good situation would be better

and a bad situation not quite so bad if the principles of public administration that have been learned during the last quarter century had been applied. Taxpayers, public officials, and buyers of municipal bonds are coming to appreciate this. A year ago sweeping, hysterical demands for reduction in the cost of government were heard. Now there

is a mounting cry for the elimination of waste. Movements for the fundamental reorganization of local government are growing throughout the country. It is not pure coincidence that all three candidates for mayor in Toledo are loudly advocating the adoption of the city manager plan, but evidence of the rising tide of public opinion.

* * *

Bangor Finds the Way

WHEN many cities were having difficulty in borrowing money at 4 or 5 per cent, Bangor, Maine, obtained \$700,000 early this year without any trouble and had to pay an interest rate of only 1.33 per cent, the lowest rate on record at the City Hall. Why?

The answer is glowing testimony to the work of a local government under its first year of the council-manager plan. The council-manager plan replaced the old mayor-council type of government in January, 1932. Bangor was not exempt from blight of the business depression, but methods of economy and efficiency were introduced into the government.

Expenditures in 1932 were decreased more than \$137,000 from the year before, and were less than the budget set up. Tax bills were sent out in May, three months earlier than usual, with a 2 per cent discount if paid on or before June 10. More than 40 per cent of the taxes were paid in by June 10.

The city clerk's department was reorganized and changed from a fee system to a straight salary basis with a saving of \$2,600 over 1931.

All city purchasing except that for the school was centralized into one department so that in many cases as compared to former years discounts were doubled and prices paid were from 5 to 30 per cent less.

All city-owned motorized equipment was insured as one fleet instead of as in-

dividual machines with an approximate saving of 40 per cent.

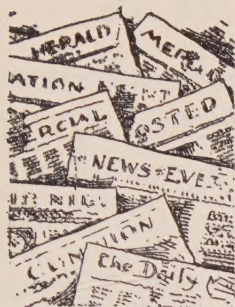
A blanket fire insurance for all city buildings and their contents saved approximately 15 per cent.

The generating stations of the city electric and water departments were consolidated at the dam, allowing the city to obtain power from the water department. Approximate saving, 37 per cent.

All fire houses on one side of the town were consolidated into a central station which resulted in better efficiency and a saving of over \$4,000 a year.

The public welfare department was reorganized along new lines and 20 per cent more families were cared for than in the year previous at one-third less cost per family. The heating system in the almshouse was rebuilt with a net saving to the city of about 33 per cent for fuel.

Nothing new—the recorder pauses. Same old things that have been urged in the interests of better government for years — reorganization, consolidation, centralized purchasing, better business methods. Bangor merely had a city manager and council that dared try them out. There are other things that might be mentioned. Civil service, for instance, was instituted in the police and fire departments; a new traffic control plan was worked out, about which all are enthusiastic. But enough. Bangor citizens are purring now and complacency is not good for the soul.



HEADLINES

Asbury Park, New Jersey, adopted the city manager plan on October 10, making 450 cities that are now operating under the plan as outlined in the *Model City Charter*, and not counting 165 cities that have the plan in some modified form.

* * *

Manager plan cities are continuing satisfactory records in most instances despite the financial stress. East Cleveland, Ohio, for example, lived within its income for the fifteenth consecutive year under the manager plan and ended the year with a cash balance in the general fund after all bills had been paid.

* * *

Ohio votes November 7 on a county home-rule constitutional amendment which will remove serious barriers to progress in county government, permitting the enactment of laws providing for optional forms, enabling any county to draft its own charter and authorizing city-county consolidation in urban counties.

* * *

Henrico County, Virginia, which adopted the county manager plan by popular vote last month, will elect a new board of supervisors in November which will take office on January 1, 1934 when the plan will go into effect. Henrico will be the fifth county to adopt the manager plan. From now on, the movement should spread more rapidly.

* * *

"Pay Your Tax" campaigns are spreading from city to city these days as citizens begin to feel the pressure of curtailing governmental services. In Cleveland, Ohio, for example, there is \$60,000,000 delinquent. Such money must come in if governments are to keep running.

* * *

An amendment to the Kansas constitution to permit Kansas counties to adopt the manager plan is expected to be presented to the special session of the legislature with the vigorous backing of Governor Landon.

* * *

And Omaha, Nebraska, is discussing the possibility of city-county consolidation under the manager plan, with the county adopting the manager plan as the first step in the program.

* * *

While Toledo, Ohio, is again on the verge of the city manager plan which the Chamber of Commerce there has backed actively since 1926. All three candidates for mayor are pledged to the plan which seems to make it unanimous.

* * *

Detroit is still circulating scrip, the city treasurer having recently asked large taxpayers to purchase five dollars in scrip as tax anticipation notes so that payrolls and bills may be paid. Meanwhile, Detroit's problems were not made simpler by the adoption of a charter amendment this month permitting the spread of taxes delinquent prior to a year ago over the next seven years.

THE LEAGUE'S BUSINESS

(Continued from Page 536)

National Municipal League to Grant Scholarship Awards.—Two scholarships of one hundred dollars each are offered by the National Municipal League to senior high school and college students for an essay on: "My Town—What Can I Do to Boost Its Credit?" The essays should not exceed 1,000 words in length, nor be less than 500 words, and only one side of each page should be written on. The contest will close on Tuesday evening, November 28, and any paper bearing a postmark later than midnight, November 28, will not be accepted. These scholarships, donated through the generosity of Morris Tremaine, Comptroller of New York State, and Frank H. Morse, of Lehman Brothers, will be awarded with the understanding that they be applied toward next semester's or next year's tuition in any college or university of the winner's choice in this country or abroad. Announcement of the winner will be made after the regular weekly You and Your Government radio broadcast on Tuesday, December 12, and the prize-winning papers will be published in the January issue of the NATIONAL MUNICIPAL REVIEW. Students should listen to the regular weekly broadcasts to obtain ideas for their papers.

* * *

Our Radio Audience is Increasing.—The new radio series on "The Crisis in Municipal Finance" promises to be as popular as former broadcasts on "Constructive Economy in Government." The November program, outlined below, covers subjects of vital interest to our readers, and the distinguished, nationally-known speakers are making Tuesday evening at 7:15 one of the high lights of the radio week.

NOVEMBER 7—"THE CITIZEN AND HIS CITY." *Richard S. Childs*, President, City Club of New York.

NOVEMBER 14—"BORROWING FOR CURRENT NEEDS." *E. Fleetwood Dunstan*, Chairman, Municipal Securities Committee, Investment Bankers Association of America; *Prof. Thomas H. Reed*, Chairman, Committee on Citizens' Councils for Constructive Economy.

NOVEMBER 21—"THE STATE AND LOCAL CREDIT." *Governor Herbert H. Lehman*, New York; *Mayor Howard W. Jackson*, Baltimore.

NOVEMBER 28—"PRUNING THE CITY BUDGET." *Peter Grimm*, Chairman, Citizens Budget Commission of New York; *Harold S. Person*, Managing Director, Taylor Society; *Harold S. Bottenheim*, Editor, *The American City Magazine*.

DECEMBER 5—"WHY TAXPAYERS STRIKE." *Judge Carroll Sprigg*, Chairman, Citizens Emergency Council, Dayton, Ohio; *Prof. Leonard D. White*, University of Chicago; *Carl H. Chatters*, Director, Municipal Finance Officers' Association.

This series will not be printed in the NATIONAL MUNICIPAL REVIEW. Copies of individual broadcasts are available through the League office for fifteen cents each, or the entire series of nineteen programs may be purchased for \$2.50.

* * *

Committee to Draft Model State Liquor Control Law.—Former Governor Frank O. Lowden has consented to serve as chairman of a new committee being formed by the National Municipal League for the purpose of drafting a model state liquor control law. After repeal of the eighteenth amendment, states and cities will be faced with a serious problem of what to do about the renewed liquor traffic. This critical situation offers the League opportunity for leadership along constructive lines as it has in the past taken the lead in laying down sound principles of state legislation. The tentative membership of the committee appointed by President Seasongood is as follows: Frank O. Lowden, *chairman*; Henry J. Allen; Frank Bane; Louis Brownlow; A. E. Buck; Harry F. Byrd; Glenn Frank; Luther Gulick; Arnold Bennett Hall; Robert M. Hutchins; Simeon Leland; Seabury C. Mastick; R. E. Miles; Henry W. Toll; Lent D. Upson; William Allen White; John G. Winant.

Ebb Tide In Taxation: A Depression Aftermath

A wake of reduced budgets and tax-limiting laws are revealed in this analysis of six Great Lakes states

GEORGE L. LEFFLER

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A TAX survey recently completed at the University of Toledo indicates that the burden of taxation in north-eastern United States has remained at comparatively high levels until the year 1933. The survey covered the entire east-north-central group of five states and New York.

In 1932 the combined burden of state and local taxation in the states of Ohio, Indiana, Illinois, Michigan, and Wisconsin was \$1,501,033,096 or \$58.30 per capita. This total includes not only general property taxes but every major special tax collected in these states, such as gasoline, motor vehicle, public utility, corporation, insurance, and inheritance taxes. The following ranking indicates the per capita burdens in this group of states:

New York	\$84.19
Michigan	65.34
Illinois	63.38
East-north-central states	58.30
Wisconsin	58.27
Indiana	51.42
Ohio	50.61

A striking range in tax burdens is observed in this grouping, which shows the effect of widely varying fiscal policies in adjoining states with similar industrial development.

During the past ten years there has been a remarkable increase in total and per capita tax burdens in the United States. From 1922 to 1932 the per capita tax burdens in the east-north-central group increased from \$43.19 to \$58.30, a growth of \$15.11 or 35.7 per cent. Here again is found a striking variation in trends.

The following data indicate both the absolute and relative increase in per capita state and local taxes in the ten-year period from 1922 to 1932:

	Dollars	Per cent
New York	\$29.11	52.9
Illinois	21.05	49.7
Michigan	18.13	38.4
East-north-central states	15.41	35.7
Wisconsin	12.42	27.1
Indiana	10.92	27.0
Ohio	9.02	21.7

During the depression there have been many complaints about the burden of taxation. Much of this criticism has come from the owners of general property who bear the major share of tax burdens in every state. In 1932 the owners of general property in the east-north-central group of states paid about 79.1 per cent of the total state and local taxes in those states. In New York the ratio was 76.7 per cent.

STATE AND LOCAL TAX BURDENS—1931-1932

State	Tax Burden in 1931	Tax Burden in 1932	Dollar Reduction	Per cent Reduction
New York	\$1,108,485,428	\$1,083,487,358	\$24,998,070	2.3
Ohio	384,708,043	341,789,395	42,918,648	11.2
Indiana	172,510,613	168,452,021	4,058,592	2.4
Illinois	501,886,917	491,655,523	10,231,394	2.0
Michigan	346,839,986	325,709,456	21,130,530	6.1
Wisconsin	183,683,744	173,396,701	10,287,043	5.6

The following percentages indicate the proportion of the total tax burden which is carried by general property in this group of states bordering on the Great Lakes:

	Per cent
Illinois	86.4
Indiana	83.2
East-north-central states ..	79.1
Michigan	78.0
New York	76.7
Ohio	76.3
Wisconsin	61.6

The relatively low ratio for Wisconsin is due to the importance which the income tax has in that state, where much has been done to relieve the owners of general property by shifting the burden of taxation from property to income. The above ratios are somewhat unfair to the states of Illinois and Indiana due to the method of classifying public utilities. An exact method of calculating the general property base in these states would lower their percentages.

WIDE VARIATIONS

In examining the burden of general property taxation on a per capita basis in these states a wide range of burdens was found, varying from \$35.81 in Wisconsin to nearly double that amount in New York. General property tax levies per capita in 1931 for collection in 1932 were found to be as follows:

New York	\$64.54
Illinois	54.77

Michigan	\$59.09
East-north-central states .	46.09
Indiana	42.76
Ohio	38.63
Wisconsin	35.87

Strenuous efforts have been made during the depression to lower the burden of taxation. Such efforts had met with varied success by the end of 1932. Such reductions as were made took the form largely of reduced general property tax levies.

The table above indicates the total state and local tax burden in this group of states for 1931 and 1932 and the amount of reduction which took place in 1932.

THE CASE OF OHIO

The general property tax for Illinois had to be partly estimated, as no official figures for Cook County have been released for the 1931 property tax levy.

The large reduction in Ohio resulted from several unusual causes. First, the tax amendment to the constitution, approved in 1929 and put into effect in 1931, had a decided effect on property taxes. The amendment removed all personal property from the tax duplicate of the state and gave it a special classification which afforded it substantial relief from tax levies. The new law fixes the rate of two and three mills on bank deposits and other intangible property and 5 per cent of the income on income producing property. Tangible personal property was assessed in the case of property used in agriculture, mining, and manufacturing, at 50 per

cent of its value and, if used in business, at 70 per cent of its value with the local rate of taxation applying.

In the second place a decided reduction has been made in Ohio in the assessed values of general property. The tax duplicate of the state in 1929 carried a valuation of \$13,678,000,000. By 1932 this had fallen to \$9,156,000,000, while the estimate at this time for 1933 is that the total assessed valuation of all property subject to the uniform rule will not exceed \$8,200,000,000. This would be a reduction of 40 per cent in the value of property subject to the uniform rate of taxation. In addition, various economies have been effected, one of them being the elimination of the state tax on general property.

DOWNWARD TRENDS

Incomplete reports from these states indicate that the burden of taxation will be much reduced in 1933. In Indiana, for example, the 1932 general property levy to be collected in 1933 was slashed from \$140,094,386 to \$98,155,149, a reduction of nearly \$42,000,000 or 30 per cent.

Several circumstances account for this remarkable reduction. First, the depression brought about a reduction in the assessed valuation of the state, which dropped from \$5,073,000,000 to \$3,996,000,000. Second, the \$1.50 or 15 mill tax levy limitation law which was forced through the special session of the 1932 legislature has compelled lower tax levies. Third, the pressure of public opinion and the influence of strong, well-organized taxpayers' associations have forced economy in 92 per cent of the taxing units of the state. This violent swing from abundance to penury has brought nearly every unit face to face with the difficult problem of maintaining its essential services

with the present meager income which is being further reduced by delinquency.

Michigan also reports much lower general property tax levies. The total state and local levy of 1932 to be collected in 1932 was \$216,580,601, a reduction of \$37,599,920 or 14.8 per cent from that of the previous year.

HOW WISCONSIN MANAGED

In Wisconsin there has been a campaign for several years to bring relief to general property owners. The La Follette administration, during its tenure, eliminated the state tax on property for both years. By heavy drafts on the large treasury balance of the state government left by previous administrations, it provided generous state aids to local units which were thereby enabled to reduce property levies. In 1931 the general property tax levy fell from \$120,304,493 to \$106,756,277. In 1932 it fell still further to \$94,304,493, a decrease of 11.7 per cent.

The only state to report its total state and local tax bill for the fiscal year ending in 1933 has been Wisconsin at the time that this survey was being made. This state reported that total state and local taxes for 1933 were \$157,250,068, a reduction of \$17,146,633 or 10 per cent from that of the previous year.

Ohio also seems destined to receive lower taxes in the immediate future. The assessment of real estate taxes in 1932 fell from \$222,270,256 to \$201,345,549 or nearly 10 per cent. A decided effort is being made in that state to secure the adoption of a constitutional amendment which will lower the maximum levies on general property from 15 to 10 mills. The adoption of this amendment will immediately cause a reduction in property taxes by an amount estimated from \$48,000,000 to

(Continued on Page 557)

A Plague of Special Districts

Their services are necessary, but not their waste. The author shows why and points a remedy

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A COMPLAINT frequently heard about local government is that there are altogether too many separate jurisdictions and too many local officers who have power to impose taxes for this, that, or the other purpose. In addition to the county, city, and township jurisdiction, the taxpayer is likely to find himself living within many other minor jurisdictions and subject to their taxes. There are school districts, park districts, drainage districts, forestation districts, road districts, mosquito abatement districts, sanitation districts etc., etc. Each district has its own set of officials and its own precious tax rate, so that taxpayers come to feel that they are smothered with government, and lost in a maze of expensive complexities.

Unfortunately, our American way of dealing with governmental abuses is to do nothing at all until the abuse has become well nigh intolerable and then to rise up in wrath and go at the trouble with radical remedies that promise dramatic changes but oftentimes no genuine correction of the real evil. Thus reformers want to sweep away all these special districts with bold gestures, to consolidate counties, to abolish popular elections, to set up county managers, or to establish full state control over local government and administration.

However, there is a reason for the special district; even though like many

other useful institutions it has been grossly perverted, not only by corruptionists, but also by well-meaning people who have seen in it an agency of genuine democracy, and a safeguard against overweening power.

The special district was early designed to serve a purpose that existing governmental areas did not seem well adapted to serve. Thus, for instance, perhaps it becomes desirable to carry on a drainage project in a farm land area. But, it appears, the swampy lands involved, the streams that must be straightened or dealt with in some way, extend partially into the jurisdiction of two or three counties, to say nothing of a lot of townships. In a word, the physical, topographical, engineering problem does not conform to the rigid governmental areas.

One solution would be to turn the problem over to the state. But our devotion to old concepts of local self-government has stood in the way of this. Another method would be to get the governing authorities in the various jurisdictions to coöperate in the enterprise. But, when it comes to letting lucrative contracts, to employing workers, and most of all to levying the taxes to finance the undertaking, the good spirit of coöperation all too frequently evaporates; bickering, sharp practice, bitter rivalries and selfish interest creep in, and either the project is abandoned

altogether, or else it goes forward accompanied with unwise compromises and much extravagance.

SPECIAL DISTRICTS IN THEORY

An obvious solution is the special district. Let the area of operation be marked out and surveyed. Let there be local referenda upon the broad question of going forward with the undertaking. If the popular vote be favorable let a special board of trustees be set up. Allow them to levy a certain rate upon all property within their district, and let them carry through the project, largely independently of all other local authorities. For good or for ill this type of special district has been resorted to for many years, and it does indeed seem to have served a good purpose, though many people today think such problems ought to be handled by the state directly.

But obviously, the justification for this particular type of special district exists only when the undertaking must needs reach into two or more existing jurisdictions, —that is, when it must cross county lines, or city boundaries. But there are not many legitimate cases of this sort. Drainage projects are perhaps the clearest. The forest preserve, or large park project may present the same problem. But it is interesting to observe that for the most part, today, state departments are assuming full control of these undertakings. This is much to be preferred, and the practice would seem to make unnecessary for the most part any further application of the special district idea as applied in the past years.

Another type of special district appears when it is desired to get a given undertaking "out of politics." This reflects deep distrust of the "regular" governmental authorities, and a wish to get the project into the hands of a "better class" of people who presum-

ably will have a keener interest in the work to be done, a minimum of ulterior motive, and a considerable spirit of noble self-sacrifice.

SCHOOL DISTRICTS AN EXAMPLE

The school district is the classic example of this type. Specially selected school trustees, or directors, are elected. Their powers are prescribed in the law, they may levy a prescribed rate, and thus conduct school affairs independently of the "regular" governmental authorities. Not everywhere is this high degree of independence permitted, however. Sometimes mayors, or city councils, or county supervisors select the school authorities; but they usually are free in the matter of actual administration.

Here again, the *reason* for having a special district is clear enough. And there is something in it. And it is interesting to observe that criticism of the special school district system today is directed largely to the point that there are altogether too many districts, and not that the special district idea should be abandoned. Arguments against preserving the vast multitude of tiny school districts that spatter the land would seem to be overwhelming. And many educators would be only too thankful to see the county accepted as the unit of school administration. But there is by no means a unanimity of opinion as to the wisdom of abandoning the "special" district idea and turning school administration over to the "regular" authorities, i. e., county supervisors or commissioners, or city councils. Many a reform advocate would throw up his hands in horror at that, and would plead instead for completely centralized state control.

Now the reason that lies behind the special school district has been invoked again and again to set up special districts for other purposes. Thus, well-

meaning people have wanted to get public libraries out of the hands of the "regular" city officials. City parks and playgrounds, it has been thought, ought to be taken "out of politics." One of the latest manifestations of this urge for exclusiveness and purity is seen in the practice of taking county hospitals "out of politics" and of setting up separate boards with their special tax rates to carry on this service independently of the so-called politicians.

MASQUERADING DISTRICTS

Thus has come into being a considerable number of what may be called "disguised" special districts. This type of district is disguised because it is literally coterminous with an existing area—a city or a county. In this way a city virtually becomes a special district for library administration, and a special district for city park administration, and the county virtually becomes a special district for hospital administration. And each of these disguised special districts has its independent authorities, —its trustees, directors or commissioners, and its inevitable special, precious, tax rate. Furthermore it should be pointed out that often it has been the very "best" people in the community that have insisted upon this exclusiveness. These well-meaning people are deeply interested in the particular service—*for the time being, anyway*—and want to keep it "out of politics."

In addition to all this, the time-honored system of fixing special tax rates for specific purposes aggravates the situation, even though it does not bring into existence either the genuine or the disguised special district. And again it is often the deeply interested, well-meaning people who are responsible for it. In the case of the special rate they wish to coerce the regular authorities—the county governing board or the

city council,—or to circumvent them, or to prevent them from curtailing a given service. Right there begins the procession of special rates for special purposes. A certain rate is made mandatory, and the funds must be spent for a certain purpose—highway patrol, for instance. Then a certain rate is fixed and *must* be applied for poor relief. Presently this is split and two special rates appear—one for institutional relief, one for out-door relief.

CRYSTALIZING SPECIAL TAXES

Then there must be the fixed mandatory rate for maintaining a cemetery, another for the care of old soldiers, one for the care of orphans, etc., until the list of special rates includes perhaps a score or more. To be sure, most of these rates are maximum rates. But the constant pressure that is brought by those who are particularly interested in each of these activities, makes it next to impossible for the governing bodies to keep these rates below the maximum. And it should be observed that the basic idea back of the special rate is to deprive the governing body of much discretion with respect to a particular service. Thus, suppose the council of a small city either cannot or will not maintain a municipal band. Music lovers want a band. The statutes afford an opportunity. A referendum is held—that glorious instrument of direct democracy! The people vote: Shall a special rate be applied to maintain a municipal band? A handful of people vote, and most of them vote "yes," and lo! there is a band! And another rigid tax rate is fixed upon the city.

Sometimes local governing authorities, county board members and city councilmen, are quietly active at the state house seeking themselves to have those special rates applied. To have them in the statutes relieves the officials of

much responsibility. They can take refuge in the fixed rate, and honestly declare that it is beyond their power to economize with respect to the services thus bolstered.

The result of all this is an astonishing complex of overlapping jurisdiction;—the “regular” areas, i. e., counties, cities, towns, and townships, the legitimate special districts, a number of wholly unnecessary special districts, several disguised special districts, and overlaying the whole, a strangling net of special rates that makes it impossible for local governing bodies to budget their resources wisely, even when they have the best of intentions.

CHANGE FORM, BUT NOT SERVICE

Reform is not easy. Mere sweeping away of the special districts will not solve the problem. In fact, the good that would come of this is often very much exaggerated. The citizen is told that he lives under so many separate jurisdictions, each with power to tax; and is led to believe that if the jurisdictions were not so numerous the costs would disappear. But this is in part a vain hope. If a government service is to be maintained it makes but little difference whether one body or another imposes the tax rate. If a county hospital is to be maintained it makes relatively little difference whether the necessary taxes for the purpose be levied by a board of county supervisors, or by a board of county hospital trustees. If a city park is to be supported, or a library maintained, or a mosquito abatement project carried through, or a municipal band subsidized, or a county poor farm supported, it makes little difference who applies the rate. A dozen given rates applied by one board would be about as heavy as a dozen similar rates applied by a dozen different boards.

“But,” one is quick to say, “we

would get rid of all these useless officials, we would cut down personnel and the salary burden.” A little could be saved this way, perhaps, but not a great deal. Libraries, hospitals, parks, drainage projects, etc., cannot be conducted without people to give time and attention to them. In brief, we should not get the idea that by abolishing districts we abolish the basic costs of the services involved. This seems to be a great delusion of those who advocate county consolidation. They seem to forget that there would be just as many miles of highway to keep up, just as many bridges to build, just as many poor people to feed and clothe, just as many criminals to prosecute, just as many children to educate, just as many land transfers to record, etc., etc.; and after all, these are the basic costs of local government.

However, the prime evil of the special district is that it grossly decentralizes administration. It tends to exalt each little service. It tends to make those who are in charge lose their sense of proportion. It relieves the principal local authorities of the power and responsibility they ought to have. It helps to let large sums of money dribble through the fingers of woefully incompetent people who often give but scant attention to the problems with which they are supposed to deal. And it makes very much easier the nefarious work of grafting politicians and crooked contractors, every one of whom is in favor of local self-government to the last degree, and more and stupider special boards and commissions.

These complexities of local government make intelligent budgeting almost impossible. A very homely illustration will make this clear. Imagine a householder trying to budget his household expenses for a year. And imagine that the amount to be spent for most of the important items were rigidly fixed.

(Continued on Page 574)

West Virginia S. O. S.

West Virginia has
"limited" its taxes:
but it has likewise
closed up its local
governments

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FOR over a month local government in West Virginia has almost ceased to function. Municipal officers are in many places serving in "acting" capacities; school teachers were paid their September salaries from state-aid funds; and the county is carrying out its services on what amounts to a voluntary basis amid considerable risks of personal liability for illegal expenditure. In the meantime the press plunges into invective, admonition, and analysis; the state bristles with "plans" to end what most West Virginians admit is becoming an intolerable situation; the attorney-general files a petition for rehearing with the state supreme court asking in effect: "Will you not please change your minds and allow established government to proceed in West Virginia?"; and the state tax commissioner issues "temporary tax tickets" to the leading public service corporations "requesting" payment in advance of a legal levy. In short, there is the greatest confusion, and over everything hover myriads of unsolved legal questions.

HOW IT BEGAN

The trouble is of long standing and of the greatest complexity. For a decade the classification of property for purposes of taxation has been an "issue" in West Virginia, and at the November election of a year ago an amendment was added to the constitution purporting to

classify the general property of the state into four main classes and to set a levy limit (a maximum) on each class. Nearly all candidates supported the amendment in principle, the press in general acclaimed it as a forward step, and the people accepted it (so far as they voted on it) by a seven-to-one vote. Its acceptance was merely a protest against an antiquated tax structure, unequal assessments, mounting delinquencies, a conviction of extravagance, and possibly the most important of all, inflexible tax tickets and vanishing personal and corporate incomes.

At the same time West Virginia, in common with much of the country, put a new administration in power, and the legislature convened in regular session on the second Wednesday in January with 37 per cent of the Senate and 65 per cent of the House of Delegates without previous legislative experience. There was, in addition, another difficulty: the state constitution provides that the incoming governor and his newly elected administrative heads cannot take office until March 4 following their election, so that a legislature "fresh from the people" and smarting under both real and imagined grievances found itself with neither executive leadership nor technical guidance within its party councils. At the same time every member was aware of the enormous responsibility under the new "Tax Limita-

tion Amendment,"—it meant rewriting the tax laws of the state in such a way that the entire fiscal system was to emerge in a new and better form. But there was much misgiving, much demand for action, much shouting for a "program," and much reluctance to take the lead.¹

The state had, however, one important factor in its favor. It had chosen a governor who possessed a high degree of intelligence, courage, integrity, and vigor, and who had, moreover, foreseen and appreciated the bewildering problems that the amendment carried in its wake. In his inaugural address he faced the situation squarely:

"The 'Tax Limitation Amendment' adopted at the last general election has revolutionized our revenue system. Not only has it set up a classification scheme without precedent in American public

finance, but it has reduced the total income from the general property tax for current expenses, from forty million dollars in 1932 to an estimated gross yield of twenty-three million dollars in 1933. This has compelled us to seek new sources of revenue for state and local purposes to the extent of some seventeen million dollars; to propose an elaborate system of aid for local schools; to plan to relieve the counties of their present road levies; and to establish administrative machinery to put the new plans into effect.

"Time alone can tell the wisdom of all this. From the standpoint of the new administration it is merely a condition to be met; and with all the resources at our disposal we have worked unceasingly to meet it. When the legislature convened some seven weeks ago, there was not an official figure to estimate yields under the new classifications; there were neither official estimates nor definite proposals looking toward new sources of

¹This very serious "Tax Limitation Amendment" read as follows (*Acts of the Legislature of West Virginia* (Extra. Sess., 1932), ch. 9):

"Subject to the exceptions in this section contained, taxation shall be equal and uniform throughout the state, and all property, both real and personal, shall be taxed in proportion to its value to be ascertained as directed by law. No one species of property from which a tax may be collected shall be taxed higher than any other species of property of equal value; except that the aggregate of taxes assessed in any one year upon personal property employed exclusively in agriculture, including horticulture and grazing, products of agriculture as above defined, including live stock, while owned by the producer, and money, notes, bonds, bills and accounts receivable, stocks and other similar intangible personal property shall not exceed fifty cents on each one hundred dollars of value thereon and upon all property owned, used and occupied by the owner thereof exclusively for residential purposes and upon farms occupied and cultivated by their owners or bona fide tenants, one dollar; and upon all other property situated outside of municipalities, one dollar and fifty cents; and upon all other such property situated within municipalities, two dollars; and the legislature shall further provide by general law, for increasing the maximum rates, authorized to be fixed, by the different levying bodies upon all classes of property, by submitting the question to the voters of the taxing units affected,

but no increase shall be effective unless at least 60 per cent of the qualified voters shall favor such increase, and such increase shall not continue for a longer period than three years at any one time, and shall never exceed by more than 50 per cent the maximum rate herein provided and prescribed by law; and the revenue derived from this source shall be apportioned by the legislature among the levying units of the state in proportion to the levy laid in said units upon real and other personal property; but property used for educational, literary, scientific, religious or charitable purposes, all cemeteries, public property, the personal property, including live stock, employed exclusively in agriculture as above defined and the products of agriculture as so defined while owned by the producers may by law be exempted from taxation; household goods to the value of two hundred dollars shall be exempted from taxation. The legislature shall have authority to tax privileges, franchises, and incomes of persons and corporations and to classify and graduate the tax on all incomes according to the amount thereof and to exempt from taxation, incomes below a minimum to be fixed from time to time, and such revenues as may be derived from such tax may be appropriated as the legislature may provide. After the year nineteen hundred thirty-three, the rate of the state tax upon property shall not exceed one cent upon the hundred dollars valuation, except to pay the principal and interest of bonded indebtedness of the state now existing."

revenue; and there was not an authoritative line interpreting the obscure phrases of this puzzling amendment."

Impressed by this most formidable condition the legislature had created early in its session a joint legislative committee on efficiency and economy, and requested the Bureau for Government Research of West Virginia University to act as staff agency to the committee.² Work commenced at once, and the principal problems were placed under the following headings:

(1) To estimate the probable yield under each of the classifications of the amendment.

(2) To provide indirect sources of state revenue to balance local losses.

(3) To interpret the amendment in such a way: as

a) To give full effect to its provisions: namely, to secure a classification of property that would encourage home-ownership, agriculture, and business enterprise, and to relieve property of oppressive tax burdens by limiting direct levies.

b) To avoid conflict with the state constitution,—particularly the provision for "equal and uniform" treatment.

c) To avoid conflict with the federal constitution,—particularly to preserve the equal protection of the law and to prevent the impairment of the obligation of contracts.

(4) To make such institutional adjustments in the local government structure as the new distribution of revenue seemed to require and the state constitution to permit.

(5) To set the new legislation in the existing tax system with the smallest possible change in existing legislation—the wider problem of reforming fiscal methods was impossible at the time.

THE QUESTION OF EXISTING DEBTS

With these principles in mind legislation was drafted and introduced in the

House of Delegates on February 14, some six weeks before the regular session adjourned. While the amendment and hence the enabling act were full of the most complicated legal points, the one that has brought the local services of the state to a standstill concerns the handling of the existing debt services. The question at issue (and upon which the amendment is silent) is simply this: are payments for existing debt services included within the maximums prescribed by the amendment? Or stated in another way: must existing debt services be paid *first* and current expenses met from the surplus (if any) remaining within the maximums?

Following the most exhaustive study, the question was first answered in this way: the current expenses of local government shall be paid from levies within the maximums and within the classes; the debt services of local government shall be paid from levies outside the maximums and outside the classes,—that is, existing debt services were to retain the same security (*i.e.*, unclassified general property) that existed at the time the debts were contracted. The practical reasons for this decision were substantially as follows, and while they are presented here with a fullness that may appear a bit out of proportion to the topic, they represent the stark realities of local finance, they may serve as both a guide and a warning to other states, and they are the crux of the West Virginia difficulties:

(1) Existing local indebtedness was contracted under statutory provisions which pledged a tax "in excess of all other taxes upon all property subject to taxation" for the purpose of meeting interest and principal payments.³ This tax became part of the bond contract and was, therefore, beyond the competence of either the

²West Virginia *Senate Journal* (Reg. Sess., 1933), S. C. R. No. 5, January 19 (p. 5), as amended, January 20 (pp. 1-2).

³*Official Code of West Virginia* (1931), ch. 13, art. 1, sec. 20. The principle dates from the state constitution of 1872. See *Acts of the Legislature of West Virginia* (1872-1873), chs. 27 and 141.

state or local authority to alter in any essential way. The "aggregate of taxes" mentioned in the amendment pertained only to those levies within the scope of the taxing authority. Since the debt levies had been vested in the bond contracts, they could, under no circumstances, be placed within this "aggregate."

(2) The "Tax Limitation Amendment" had in itself altered substantially the assessment base upon which the existing debts were pledged: by

a) Exempting certain property hitherto taxable,—i.e., personal property to the extent of two hundred dollars; and by

b) Limiting the extent to which general property might be taxed,—i.e., for each two hundred dollars assessed valuation the levy could not exceed fifty cents on class I, one dollar on class II, one dollar and fifty cents on class III, and two dollars on class IV.

If existing debt services were included within the maximums, this condition would be greatly aggravated, for revenue available for current expenses would in some places be zero, and in many places so small as to make orderly government impossible. Such a condition would in itself tend to create an impairment of the contract.

(3) If the services on existing debts had to be paid first, there could be no uniform and general standard for the allocation of potential revenue throughout the subdivisions of the state. Each taxing district would present a different problem depending upon its debt levy. This would make uniform regulation by general law an impossibility, and cause a complete disruption of state and local government.

(4) To demand that services for existing indebtedness be included within the "aggregate of levies" would produce a condition in which local government could not operate: because

a) The amount available for local services would vary in proportion to the amount of the existing debt levy. In the taxing districts of the same county, each district would be contributing in a different proportion for the support of the same service; and the highest bonded dis-

trict would determine the available levy for current expenses throughout the taxing area. In other words, a *debt levy* must be uniform only within the *bonded* area. A *current expense* levy must be uniform over the entire *governmental* area. Because the large governmental areas include in many cases the smaller bonded area, the levy for current expense must, in such cases, be laid first if adequate revenue and uniform treatment is to be received.

b) Variation in debt levies would, moreover, make any equitable or rational plan for state aid impossible. Districts which had been most extravagant in borrowing would receive the most state help. Certain services, moreover, could not be paid for from state funds. To tax the state at large for the support, for instance, of municipalities would be to deprive rural residents of the equal protection of the law and to violate well-established principles of due process in taxation; for such a tax, in so far as the rural taxpayers are concerned, would be lacking in a public purpose.

(5) In short, an interpretation of the amendment requiring that debt services take precedence over current expenses would plunge the administration of fiscal affairs into a farrago of inequalities, unjustifiable from any reasonable standpoint and dependent upon the loose wording of a political document.

Such, in the briefest possible form, were the practical reasons that led the legislature to adopt the construction that levies for existing debt services were to be treated as, in part, at least, outside the maximums of the new amendment.

THE SHINNSTON CASE⁴

A few days before the end of the regular session of the legislature the state

⁴Finlayson v. Shinnston, 168 S. E. 479 (March 7, 1933). Strictly speaking the only question before the court was whether levies for bonded indebtedness incurred subsequent to the adoption of the amendment must be included within the limitation. With regard to prior bonded indebtedness, however, the court undertook to say that the levies must be embraced within the maximums except where impairment of contract would result.

supreme court handed down a decision known as the "Shinnston Case" which seemed to some to hold that all existing debt services were to be paid from within the maximums as set forth by the constitutional amendment before any money could be used for current expenses. In other words, existing debt services were to be paid first and the current expenses of government met from any revenue that might remain. In view of the somewhat narrow limits of the issues, leading lawyers disagreed as to the precise meaning of the decision; but the governor and legislative leaders were genuinely eager to satisfy every legal requirement provided only that the interpretation kept faith with what seemed to them to be the real purpose of the amendment.

To this end the enabling legislation (held since its introduction in the finance committees of both houses) was once again examined with the greatest care. While those closest to the problem recognized no conflict in principle between the "Shinnston Case" and the enabling act as first drafted, a slight change was made in the debt provisions to bring them on the one hand as close as possible to the most extreme interpretation that could be placed on that decision, and on the other to maintain at least a minimum of local self-government in the subdivisions of the state. As pointed out the first interpretation had been:

The *current expenses* of local government shall be paid from levies within the maximums and within the classes; the *existing debt services* of local government shall be paid from levies outside the maximums and outside the classes.

In the light of the Shinnston decision this principle was slightly changed to read as follows:

The *current expenses* of local government shall be paid from levies within the maximum and within the classes.

The *existing debt services* of local government shall be paid as follows: if current expenses do not exhaust the maximums permitted, the remaining sum shall be levied for debt purposes within the maximums and within the classes; if this is not sufficient to meet the existing debt services, an additional levy shall be laid beyond the maximums and outside the classes.

The bill in this form was passed during the last few days of the regular session. An extraordinary session was convened a few weeks later, and the call provided for "any necessary adjustments in the enabling legislation under the 'Tax Limitation Amendment.'" On many occasions the provisions for debt services were explained to committees of the new session; and while there were frequent doubts expressed as to their consistency with the Shinnston decision, the irrefutable statistical proof of the confusion that would result from insisting that debt services be provided first was convincing enough to discourage anyone from sponsoring the opposite policy. At least, no serious attempt was made to alter the legislation or even to criticize it in any fundamental way.

THE PRESENT DIFFICULTY

The extraordinary session adjourned in June. The local assessors worked out their valuations under the new act, and certified them to the levying bodies. This was in August. The first tax installments were payable October 1, but on September 18 the state supreme court handed down a series of decisions that completely stopped the local fiscal process.⁵ The majority opinion under these cases seemed perfectly clear on certain points:

The phrase "aggregate of levies" as used in the amendment means levies for *all*

⁵W. E. Bee v. City of Huntington; O. O. Eakle v. County Court of Braxton County, et al; Jess Snider v. W. M. Martin, Assessor, et al, decided September 18, 1933, but not yet reported.

purposes,—including those for existing debt services.

The levies for existing debt services must be imposed first, and only such balance as may remain within the maximums is available for current expenses.

If the existing debt services require that the maximums be exceeded in order to meet them, the maximums may be disregarded; but no levy for current expenses may be laid beyond the maximums. Additional funds can be supplied by indirect taxation or by a vote of the people as the amendment provides.

There is no proof that the maintenance of government is necessary to protect property values and to collect taxes in order to prevent the impairment of bond contracts. If the limitation can be ignored in levying taxes for current purposes, then constitutional tax limitation is impossible.

If the scheme is more inconvenient than beneficial, the remedy is with the people, not with the courts; but when the text is plain and unambiguous there is no room for interpretation.

At all events and largely for reasons anticipated by the legislature, local government is marking time.⁶ Press dispatches announce that many cities have suspended pay-rolls. Morgantown and Hinton contemplate taking advantage of a legislative act allowing special charges for police and fire protection, street lighting, sewage and sewage disposal, garbage collection, and street maintenance.

*Judge Kenna, while concurring in the result reached by the majority opinion, subscribed to the belief that the intent of the amendment had been to limit current expense. Judge Maxwell, president of the court, who wrote the decision in the Shinnston case referred to above, dissented. His view was that the people did not intend to abdicate their government nor repudiate their debts. Bonded indebtedness was assumed by popular vote, and these obligations cannot be avoided. The maintenance of government is an element in the inviolability of contracts, and consequently the enabling legislation does not conflict with the decision in the Shinnston case. The opinion of the majority means that creditors will have to resort to litigation to enforce their obligations.

nance.⁷ The city manager of Morgantown has shown unusual foresight and originality in preparing standard measurements of service upon which the city's "fee ordinance" (now before the city council) is based. Beckley, however, rejected such a proposal at the polls, and, in addition, refused to vote the additional fifty cent levy provided in the "Tax Limitation Amendment."

The State Department of Education announces that with present available funds only two or three counties in the state can have a full nine months school term, and in some counties two months terms are in prospect. County government is merely awaiting developments. The first is the result of the attorney-general's petition to the Supreme Court for a rehearing of the recent cases; and, in the absence of relief from this quarter, "hope" seems to turn toward another legislative session. In the meantime the state tax commissioner has warned all taxing units that it is futile to lay levies of any kind at the present time.

WHAT IT MEANS

Back of the whole difficulty there lies something in the nature of a "tax revolt" against "the high cost of government,"—not so much "high" in terms of government elsewhere, but rather "high" in terms of personal incomes that have approached the vanishing point. During the war years and the period immediately following, world markets demanded the raw materials with which West Virginia abounds, and, in consequence, income from business enterprise soared out of all proportion to the labor performed and plunged the state into a somewhat frantic period of speculative returns. During these years the cities grew, demands upon public services increased in every local subdivision, and, in order to meet the requirements and

⁷*Acts of the Legislature of West Virginia* (Extra. Sess., 1933), ch. 27.

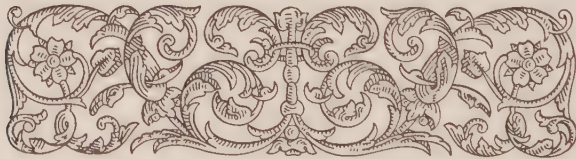
tastes of an expanding and, in many places, a highly "progressive" society, both the state and its subdivisions bonded themselves extensively, and West Virginia passed swiftly into its next phase of interest and sinking funds.

Then the rope tightened a bit,—as it did all over the country. On the one hand the demand for West Virginia products fell off, and on the other the enormous productive capacity of the state compelled a profitless market for those who wished to sell. First there was a decline, then a virtual collapse of personal and corporate income. Meanwhile public debt services continued. The new demand for governmental services—now solidified by popular acceptance and the "vested interest" of office-holders—persisted, and, measured in terms of a disappearing income, the cost of government became crushing. In spite of repeated warnings on every hand, the tax burden on general property was unrelieved. Unscientific assessments, lax administration, and popular indifference converted the principal source of state revenue into a slough of inequalities from which the taxpayer emerged in a state of mind bordering on desperation. Normally a bit skeptical of his constitution, he nevertheless turned to it when all else failed, and

adopted a complicated amendment written in the style of the editorial page.

Given the formula as it now stands, there is no permanent answer to the question. Local government "will find some way out," but it will amount to the same thing as putting the schools, courts, and municipalities on the public relief rolls. So long as the "Tax Limitation Amendment" remains in its present form it will be in litigation, and this in spite of the fact that everything possible has been done to save it.

Government in West Virginia is neither excessively expensive nor exceptionally extravagant. Neither is it particularly economical nor notably progressive. It is much the same as predominates in rural government everywhere. The "crushing burden of taxes" is probably due to an unreformed tax system, obsolete expenditure control methods, the collapse of local income—and too much installment buying by the head of the family and his wife. It is not merely that the citizen can't "afford" to pay taxes—it seems that neither can he "afford" to pay anything else. But at present the state is waiting—waiting the result of its rehearing petition, waiting for a new legislature, but, above all, waiting for a permanent solution that will put its taxing house in order.



P. R., by the Women's City Club, and by the *Hamilton Journal-News*. The seven "Charter" candidates all have the following statement displayed prominently on their campaign leaflets:

STAND BY THE CHARTER!

The P. R. method of voting was made a part of the city charter because we considered it essential to the success of the city manager plan of city government. Results have shown that it cannot fail to produce a council truly representative of ALL THE PEOPLE of Hamilton.

This fall, for the third time, an effort is being made to throw out P. R. If the proposed amendment should carry it would be possible in the future for a minority group to elect all seven councilmen, and thus gain complete control of the affairs of the city.

Vote "NO" on the charter amendment.

The leaflets also contain the following remarkable and authentic record of "Results of 6 Years of Hamilton's Own 'New Deal'" under its present charter:

Bonded debt reduced from \$3,889,525.00 to \$2,558,615.93. This is the first time since 1919 that the total bonded debt against the city has been below three million dollars.

Five reductions in the electric light rate in five years. These reductions have netted a saving to customers of approximately \$200,000.00 per year.

The old gas debt has been completely paid off, and substantial reductions have been made in the gas rate.

In the water department, a substantial surplus has been built up, making it possible to take advantage of the Federal Public Works program, providing an adequate water system without increasing the present low rates.

Improvements in the fire department have brought about a reduction in rates which save property owners \$50,000.00 per year. Streets have been kept in fine condition, and a modern transportation system, with 5c fare, has been provided.

Boulder also has enjoyed creditable administration under its P. R.-city manager charter, which dates back to 1918. And in each of its eight P. R. elections a large majority of those who voted for councilmen helped to elect someone for whom they voted. The situation there could be considerably improved, however, if all nine councilmen were elected by P. R. simultaneously instead of three at a time for overlapping terms. This change, which was strongly recommended by Profes-

sor Arnold J. Lien while head of the department of political science at the University of Colorado¹ and from time to time by the P. R. League, would give a completeness of representation which is impossible even under the present excellent method of election when only three places are to be filled. It remains to be seen whether in a time of unrest the people of Boulder will be sufficiently discriminating not to take a backward step when a forward step is needed.

*

"A Century of Progress in Eight Years."

—So runs the title of this year's campaign leaflet of the Cincinnati City Charter Committee,² which is battling to maintain the majority control of the city council which it has held continuously since the notorious Cox-Hynicka machine was routed in the first P. R. election in 1925. The title is followed by sixteen pages of pictures, diagrams, quotations, and well-authenticated facts—the best of tonics for any who are discouraged in the uphill fight for good government in other cities. Some of the accomplishments of the new regime, for which the "charter form of government" and the activities of the City Charter Committee to take advantage of it are properly given full credit, are summarized as follows:

HIGHLIGHTS AND HEADLINES

Cincinnati has the lowest tax rate of all the cities between 300,000 and 800,000 people.

Our bonds have the highest credit rating of all American cities.

During the eight years of Charter administration the net non-self-supporting bonded indebtedness has been reduced three million dollars and over six million of deficiency bonds issued by previous administrations have been paid off out of current revenue.

Cincinnati has a balanced budget and a balance in its treasury.

Appointments are made under civil service without fear or favor. There are no special privileges and no privileged contractors.

Not only are public servants paid regularly, but a retirement system to take care of old age and disability has been established.

Racketeering, which can only exist when

¹*Proportional Representation Review* for April 1924, or *Boulder News-Herald* for March 24, 1923.

²The Committee's address is 1702 Carew Tower, Cincinnati.

crime joins hands with politics, is non-existent in Cincinnati.

An efficient fire prevention program has made our insurance rates among the lowest in the country.

The administration has reduced expenditures for operation this year nearly two millions below 1931. It has done this with the least possible curtailment of essential services.

New public playgrounds, established through the work relief program, have kept up the morale of our unemployed.

A forward-looking program of public works has been presented to the federal authorities which will employ thousands, the expense to be borne in large part by the national government.

Council is fighting with all the means at its command for lower gas rates and to sustain its 50 cent ordinance and return \$3,000,000 to gas users. Contemplated electric ordinance will greatly reduce electric rates.

This record is contrasted with newspaper quotations of difficult situations in Akron, Cleveland, Columbus, Newark, New York, St. Louis, Seattle, and even Milwaukee.

Particularly interesting just now are the references to Dun and Bradstreet's Municipal Report for February 1933, in which Cincinnati is given the highest rating, and the following comment on the standing of Cincinnati's bonds:

A good index of the standing of a private business is its credit rating, for that is a judgment made by hard-headed business men from the outside. Today Cincinnati's bonds sell on an interest return of 3.95 per cent—the bonds of Cleveland sell on a basis of 6 per cent. Most of the large cities of the country are unable to borrow money on the open market at any price.

*

County Home Rule for Ohio?—Ohio voters will decide on November 7 the fate of a well-drafted county home rule amendment which may prove as significant in the spread of P. R. and the manager plan as did the constitutional enactment of home rule for cities in 1912. Hitherto, these and other improvements have been denied to counties in Ohio, as in most states, by the rigid and outworn provisions for county government in the state constitution. The experience of four Ohio cities with P. R., taken with the fact that this method provides the obvious answer to the otherwise insoluble problem of guaranteeing fair representation to different sections of a county without incurring the dangers of gerrymandering and parochialism inherent in

the district system, should insure careful consideration of it when county charter commissions prepare their recommendations. The amendment was put on the ballot by initiative and is being supported by a strong County Home Rule Association, with offices at 150 East Broad Street, Columbus, and Newton D. Baker, Mrs. N. M. Stanley, Charles P. Taft, 2nd, and Dr. W. O. Thompson as its official sponsoring committee.

*

P. R. Still a Live Issue in California.—

The League of California Municipalities, which sponsored the constitutional amendments legalizing P. R. for California cities and counties which were narrowly defeated at the polls a year ago, has taken the first steps looking toward a reconsideration. At its recent convention in Santa Cruz it passed the following resolution:

Be It Resolved that the recent constitutional amendments, sponsored by the League of California Municipalities, be referred to the Board of Directors, with instructions that further study be made of the subject, in order that a report and recommendation concerning the same may be made at the next convention, in time for whatever legislative activities may be desired.

Earlier in the year the California Federation of Labor and the Direct Legislation Section of the Commonwealth Club of California reaffirmed their support.

A sampling of informed California opinion leads to the conclusion that the unexpected defeat of the home rule amendments last year was due primarily to the large negative vote that is always cast against any proposal that is not thoroughly understood. "It was what I call the 'boob' vote," writes A. J. Pillsbury of Berkeley, "the vote that goes down the line of propositions and amendments and votes 'no' from top to bottom without any discrimination whatever. There are not less than 250,000 such voters in California and they are a great handicap and public nuisance." Because of the depression none of the groups interested in the amendments had funds to put on a thorough educational campaign. Next time a study of the returns will show where such educational work is most needed.

*

P. R. in Hollywood.—Warner Baxter, Dudley Digges, Helen Hayes, Walter Huston, DeWitt C. Jennings, Robert Montgomery, and Edward G. Robinson were elected by P. R.

last August to represent the actors of the Academy of Motion Picture Arts and Sciences on the actors' executive committee. At the same time the directors, artist-producers, technicians, and writers elected their branch executive committees by the same method and the five branches each elected three members by P. R. to constitute the board of governors of the Academy, which includes most of the leading figures in the industry in its membership of more than one thousand.

The elections were the first under the new by-laws, which call for the Hare system of P. R., selected as the most appropriate method of election for an organization striving to bring together in coöperative effort for the improvement of the whole industry all of its varied elements. The actual rules used were similar in most respects to the "exact" rules used for the Legislative Assembly of Tasmania and the Senate of the Irish Free State, eliminating the slight element of chance that is left in most P. R. rules for the sake of simplicity. The wording, however, was new—an original and interesting arrangement worked out by Daniel Berman, assistant to the executive secretary of the Academy.

Mr. Berman reports that "there appears to be complete satisfaction among the Academy membership with the outcome of the elections. The canvassing committee and other persons familiar with the count all expressed admiration for the thorough fairness of P. R."

*

Interest Spreads in the Northwest.—The same mail recently brought letters to the editor of this department in regard to activity for the city manager plan with proportional representation in Seattle, Portland, and Tacoma, in all of which he had the privilege of speaking on these subjects on his tour of the west a year ago.

In Seattle, the launching of whose campaign for a new charter based on the model charter of the National Municipal League was described in our last issue, two hundred petition circulators are at work securing the necessary signatures to put the question on the ballot next spring. A large luncheon meeting to arouse interest in the subject was held by the Municipal League in the Olympic Hotel on September 19.

In Tacoma also a drive is being started for a vote on a new charter next spring.

In Portland the Government Organization and Public Finance Section of the City Club

has just made the following recommendations:

1. That the city manager plan, with a council of seven to nine members, be adopted by the city of Portland.

2. That the council be elected at large by the so-called Hare system of proportional representation.

3. That a citizens' committee, organized on a permanent basis, be maintained as a means of continuous popular enlightenment and as a guarantee of increasing effectiveness of the manager system after its adoption.

4. That the City Club coöperate with the existing citizens' committee in promoting the city manager plan for Portland, and in the drafting of a charter to put these recommendations into effect.

The faculty of Reed College, under the leadership of Professor Charles McKinley, has authorized the use of P. R. for its committee elections for the current year.

*

P. R. Activity Revived in Boston.—A charter commission appointed by the Massachusetts legislature to make recommendations for improving the charter of Boston has called forth renewed expressions of interest in proportional representation for that city. George R. Nutter, who as a member of an earlier charter commission drafted a scholarly minority report favoring P. R. in 1924,³ has repeated his recommendation to the present commission. The new Municipal Research Bureau has suggested investigation of the subject. And the Good Government Association, in its September issue of *City Affairs*, has this to say:

We think it would be well worth while to look into the form of government which has been adopted in Cincinnati, and to see how some such set-up might work here. . . . So far as proportional representation is concerned, it is quite worth trying. . . . The city manager proposition has been tried out in many cities of this country. . . . It prevails at present in over four hundred cities with a population of over nine millions. This system is worth investigation.

³*Proportional Representation Review*, April 1924.

THE FOUNDATION STONE OF P. R.

". . . the right of those who
submit to authority to have a
voice in their own government."

—Woodrow Wilson



RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

American County Government. By Arthur W. Bromage. New York, Sears Publishing Company, 1933. 306 pp. \$3.00.

Too much attention cannot be paid to the fact that, as Professor Bromage skillfully phrases it, "there has been an era of over-production in the political as well as in the business world." This book brings out into clear relief the bungling, archaic, inadequate, and costly nature of our present system of county government and administration and discusses some of the solutions which have been proposed and are being tried. As the author emphasizes, progress in improving county government is slow, for its roots are embedded deep in American tradition, custom, and political spoils.

Written in a style sufficiently popular to avoid the dust of detail, but sufficiently precise to suit the most exacting academician, the book is interesting, informative, and a most-welcome addition to the all too few volumes that now adorn the county government shelf of libraries. It has the unusual merit of giving a complete picture of the present chaos of county government without making the reader feel that the whole business is too complicated to bother about.

HOWARD P. JONES.

*

County Government in South Carolina. By Columbus Andrews. Chapel Hill, The University of North Carolina Press, 1933. 245 pp. \$2.50.

The old adage, "Happy is the nation whose annals are short" has little application to local government. In the minds of many a half century of silence has given rise to the conviction that all must be well with local government in rural areas whatever may be its

ailments in large cities. To those still holding such a belief, this book is specially commended. It would be difficult to find a more extreme picture of ramshackle organization and slipshod administrative methods than this analysis of the government of South Carolina counties discloses, yet there is no evidence of an attempt to give a biased or distorted portrayal of the situation. Mr. Andrews' book is the product of a study made by him in coöperation with the University of South Carolina, and is based on an examination of the statutes and available literature on the subject and a field survey of local administration in six representative counties.

The chapter on "County Administration" is particularly revealing. As to local tax administration, Mr. Andrews finds very great inequalities in tax valuations, a lack of standard and scientific methods of appraisal, a falling ratio of assessed to true valuations, and in some counties a decidedly haphazard system of collection—tax executions, issued to the sheriff as delinquent tax collector having even been found in that worthy officer's wastebasket. In conclusion he states "The whole tax system discourages honesty and promptness in . . . the listing of property for taxation and the payment of taxes." In a county which he terms "representative of a large number of counties in the state," no interest is paid on public deposits nor have the banks furnished security for such funds." There is no effective state supervision over the expenditure of county funds. Neither is the expenditure centralized within the county nor subject to any effective local control." "County budgets do not exist." Road appropriations are regularly over-expended. Borrowing practices are character-

ized as "haphazard," and bookkeeping as "fragmentary, unsystematic."

While many features of the South Carolina picture are substantially similar to what the lens of the political pathologist has been revealing with significant uniformity in other states, one stands out as unique to South Carolina. That is the extraordinary interference, often amounting to domination, of the county's legislative delegation in the conduct of county affairs. The appropriations for each of the forty-six counties are made by the state legislature, mainly according to the wishes of the various legislative delegations. Thus, the control of county affairs is scattered among the local administrative officials, the board of county commissioners, and the legislative delegation. One cannot well challenge Mr. Andrews' conclusion that South Carolina county government "is as completely free from responsible headship as any government is ever likely to be."

In the final chapter the author outlines in some detail his recommendations for reorganization. Among these are the consolidation of counties to reduce the number by about one-third, the creation of a responsible head for county government with authority to appoint department heads, and the establishment of a system of state supervision over finances modeled after that in North Carolina. In order to curb the habit of legislative tinkering with county government, Mr. Andrews proposes that the main features of county organization be written into the constitution. It is certainly to be hoped that this suggestion is not followed. A far more desirable method of restraining the legislature's propensity for meddling in the affairs of individual counties would be by restricting it to the passage of general laws of uniform application to all counties and optional laws subject to local adoption. As an addendum the book carries a statement by M. A. Wright of the South Carolina Council outlining a second plan of reorganization, which includes an optional county manager form of government.

The book provides a thorough and well written analysis of county government in South Carolina and constitutes a useful addition to the literature on county government.

R. C. ATKINSON.

Ohio Institute, Columbus.

Minnesota Yearbook, 1933. Minneapolis, League of Minnesota Municipalities, 1933. 519 pp. \$5.00.

The 1933 *Yearbook* carries on the tradition of the three previous numbers in affording in a single, compact volume a great wealth of invaluable information on the government of Minnesota. The government of the state and its various subdivisions is not only described in clear, general terms, but also with pages of interesting statistical data. The *Yearbook* is almost twice the size of last year's and contains a great deal of new as well as up-to-date material. The section on public utilities, for instance, contains not only electricity, water, gas, sewage treatment, and central heating, but also telephone rates and information. There is a new section on fire insurance ratings, with a description of the methods used in Minnesota and the classification of its municipalities.

The current volume, however, is particularly outstanding for its comprehensive treatment of taxation and finance. There is an excellent and detailed analysis of tax rate limits in Minnesota. Tax rates and yields are given for cities, townships, villages, and counties. Levies for education and highways are also given. The finance data has been utilized to make statistical tables so that by profile technique, rank orders, and percentiles, it is possible for each municipal unit in the state, or others interested, to compare its status with all other municipalities in the state. Tax delinquency is also tabulated. The indebtedness figures of the state and its various subdivisions are given.

The foreword expresses the intent of the book to present and preserve facts and information on government in Minnesota, and the hope that it will offer a guide to an understanding of the behavior of state, county, and local governments. This is a modest expression of its achievement.

*

The Evolution of Municipal Organization and Administrative Practice in the City of Los Angeles. By Burton L. Hunter. Los Angeles, Parker, Stone & Baird Co., 1933. 283 pp. \$3.50.

This handbook traces the development and expansion of the administrative structure and functions of the city of Los Angeles from the simple pueblo stage of its existence through its present complicated organization under the home-rule charter of 1925. Each step in the

growth of the city's administration is painstakingly recorded, providing a faithful index of the increasing demands placed on government by the exigencies of urban development. The treatment is non-critical and makes no attempt at synthesis or theoretical interpretation except as the chapter headings give point to otherwise more or less unrelated cataloging of topical items. While this was undoubtedly intentional, it has detracted somewhat from the book's interest and value to the general student of municipal administration. From a strictly technical point of view, however, for purposes of charter drafting, comparisons of administrative frameworks and powers and the like, this digest has definite value, especially in view of the authoritative position of the author, that of efficiency engineer in the city's official Bureau of Budget and Efficiency.

*

Proceedings of the National Conference on Slum Clearance. Cleveland, 1933. 123 pp. \$3.00.

The City Council of Cleveland and Mayor Ray T. Miller called in July the first national conference on slum clearance. Over 400 persons representing various sections of the country met to discuss the problems of slum clearance, rebuilding of cities, land economics, progress in slum clearance, and other important factors in planning the replacement of slums by decent housing. The Conference was called to be of service in paving "the way for sound, constructive action that will put men to work and provide many of the American people with better places to live." The possibilities of this type of public works become better recognized as recovery moves slowly, and this small volume of proceedings should prove of continuing value. The follow-up activities of the Conference are being carried on under the chairmanship of Ernest J. Bohn, Union Trust Building, Cleveland.

*

Government in a Depression. Edited by Thomas H. Reed. Chicago, University of Chicago Press, 1933. \$1.00.

Dr. Reed has assembled the radio broadcasts dealing with constructive economy in state and local government, that the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association

presented last fall under the title of "You and Your Government." They make a series of informal and very informative discussions of public problems that relate to local government and the taxpayer. Among other subjects, they deal with issues between political parties, constructive economy in government, prevention and relief of unemployment, political regionalism, tax revision, and other financial problems of state and local government. These are all interestingly discussed by carefully chosen authorities.

The volume represents the next step forward in the great experiment in public instruction being carried on by the National Advisory Council on Radio in Education. The preface by Levering Tyson, director of the Council, explains its purpose and its place in the developing program of the Council. Beginning simply with a service of radio addresses, this program was enlarged to provide informational backgrounds to radio audiences before and after the broadcasts. The present publication "merely carries on to a still further logical step the original purpose of the broadcast series."

Whether or not this was anticipated, the book as a whole suggests another of the undoubted influences of the radio on modern literary style. It injects the light informality of the broadcast into a series of thoughtful monographs and does it with good effect. Some of them are dialogues in which several participate, others are addresses, but most of them are in the easy, unstilted language of leisure-time discussion, which makes them exceptionally readable.

This volume is one of four compiled in the same way and published by the University of Chicago Press. *The Lawyer and the Public* comprises the broadcasts on legal questions and is edited by the Council on Legal Education of the American Bar Association. *The Economic World Today*, edited by Felix Morris, includes twenty-nine broadcasts on the economic aspects of government. *Legislation and Legislative Problems* is edited by Dr. Reed. Another series, "The Crisis in Municipal Finance," is being broadcast in coöperation with the National Municipal League. This series, which began October 3, will be presented each Tuesday throughout the fall and winter at 7:15 p. m., eastern standard time.

EDWARD M. BARROWS.

Minneapolis Pension Systems. By Herman Kehrli. Minneapolis, Taxpayers Association, 1933. 31 pp.

Minneapolis has five separate pension systems for municipal employees, including practically all employees of the city government. They have been set up from time to time at the instance of the group primarily concerned, under varying types of control. All have liabilities exceeding their reserves, but two of the systems have disregarded actuarial requirements and are on the verge of bankruptcy. The author describes and compares the systems in operation, showing the organization of the funds, the sources of their revenue, benefits allowed, and their reserves and liabilities. Charts and tables aid in clarifying the serious situation now faced by both taxpayers and employees. No final appraisal of the systems is given, nor are all problems discussed, but the study admirably clears the way for further analysis and such reorganization as may be required to put the entire pension system on a sound basis.

*

The Regulation of the Sale of Beer, Light Wines, and Soft Drink Beverages by Wisconsin Cities, Villages, and Towns. League of Wisconsin Municipalities, Madison, 1933. 23 pp. mimeo. Fifty cents.

The passage of the state beer law created numerous problems of local regulations. The League of Wisconsin Municipalities had used foresight in preparing a model ordinance in conformity with the state law, which might be used by local governments. The ordinance contains provisions on all phases of the subject with optional sections so that it may be adapted to the extent of control locally desired. There are also included such forms as might be required in its administration.

*

MUNICIPAL REPORTS

Milwaukee, Wisconsin. (578,249). *Municipal Activities of Milwaukee for 1932.* By Daniel W. Hoan, Mayor. 165 pp.

Oregon City, Oregon. (5,761). *Report of the Municipal Activities for the Year 1932.* By J. L. Franzen, City Manager. 51 pp.

Tucson, Arizona. (32,506). *Municipal Report, 1932.* By R. E. Butler, City Manager. 46 pp.

These three annual reports are of varying value as conveyors of information to the public of their respective cities. The Milwaukee report is one of the best of the year but this is not new for that city; it has been preparing excellent reports for years. Perhaps the main reason is that it is compiled and edited by the municipal reference librarian. Here is an idea for both the city executive who says he is too busy, and also for the librarian who wants to increase the value of the library facilities to the community. The only serious criticism of the Milwaukee report is its length, for it is doubtful if the people of that good city have a greater appetite for public reporting than do the citizens of other cities. Another fault is the omission of a chart of the administrative organization. Such a chart would assist greatly in understanding the relationships of the different administrative agencies. On page eight the citizen discovers with no difficulty that his city: decreased major crimes 8 per cent; had the lowest death rate (8.8) in the history of the health department; saved \$40,000 the first three months of use of modern tax accounting equipment; and reduced water rates.

Less praise can be said for the Oregon City and Tucson reports. The former came out four months after the period covered and the latter eight months. Neither report emphasized important facts and the illustrative material is quite mediocre. The Tucson report contained no pictures except a general view of the city and omits both the organization chart and the table of contents. It redeemed itself in part for these omissions by a page of high lights for the year, and one learns with ease that the city decreased the budget from the previous year \$17,000 and reduced the operating costs of the water plant 13.6 per cent. It is more difficult for the busy taxpayer of Oregon City to find out how well his city was managed unless he reads through the entire report which he will not do. Report writers should give their consumers a break.

CLARENCE E. RIDLEY.

The University of Chicago.



GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY ROBERT M. PAIGE

Secretary-Treasurer, G. R. A.

Schenectady Bureau of Municipal Research.—Salary reductions are being urged by the Bureau as a partial solution to the financial difficulties of the city. Comparisons with other cities of comparable size indicate that the Schenectady salary schedules for policemen, firemen, and teachers are considerably above the average. Some further reductions in the teaching force are also believed to be possible, particularly in the junior high schools where the number of pupils per teacher is but 21.2 against 30.4 in the high school.

A detailed comparison of Schenectady's police costs with those of Erie, Pennsylvania, has been made by the Bureau. The per capita cost for police protection in Schenectady is almost double the cost in Erie. In spite of this it is not believed that Schenectady is as well policed.

In 1928, the Bureau recommended that a department of assessment and taxation with a single appointive head be substituted for the existing board of four assessors elected by popular vote. The mayor has recently proposed that the legislature be asked to amend the city charter to make this possible. Savings of several thousands of dollars a year can be achieved by this change and the work done more effectively.

The Bureau has also completed a survey of the situation in New York State with respect to the publication of the city council proceedings. Thirty-six out of the sixty cities do not publish minutes in newspapers. Several ways of reducing the cost of publishing minutes have been suggested, including abridgment, publication in only one instead of two papers, and mimeographing.

The managing director of the Bureau, Abbott Pulliam, is now preparing a series of brief

signed articles for the daily press which appear under the caption "Frank Facts."

*

Pierce County Taxation Bureau.—When organized in 1930, the Bureau was affiliated with the Tacoma Chamber of Commerce. For the past two years, however, it has functioned as an independent agency. The Bureau is governed by a board of directors of fifteen active business men, ten residents of Tacoma, and five residents of outlying districts. This board meets weekly. The Bureau is engaged in a definite and studied effort to reduce the tax burden and endeavors to work in harmony and coöperation with city officials to accomplish this end. Studies of various phases of local government are frequently made, often at the request of officials. Such studies as are made, however, are usually confidential and are not made public. J. E. Grant is the executive secretary and manager of the Bureau.

*

Bureau of Municipal Research of Quincy, Massachusetts.—The taxation committee of the Quincy Chamber of Commerce during 1931, held many meetings as a committee and called several meetings of the larger taxpayers of the city for the purpose of devising ways and means of decreasing city expenditures. As a result of these efforts the Bureau of Municipal Research was formed and incorporated in January, 1932. A study of the expenditures of the several municipal departments of the city of Quincy has been made and expenditures of the past twenty years have been tabulated. Bulletins have been issued which deal with various phases of the Bureau's economy campaign. Frederick A. Mayberry, secretary of the Chamber of Commerce, is the executive officer of the Bureau with the title of clerk.

Citizens Budget Commission (New York City).—The Commission was organized in June, 1932, by Peter Grimm, former president of the New York Real Estate Board, and a large number of influential citizens. More than 150 civic, trade, and taxpayers organizations are directly represented in the Commission's council of consultants. In addition to Mr. Grimm, Harold Riegelman and Robert B. McIntyre are devoting a great deal of time to the work of the Commission. William A. Adams has recently been appointed to the position of executive secretary.

The reduction of the 1933 New York City budget \$113,000,000 below that of 1932, was at least in part a result of the persistency and aggressiveness of the Commission. Several important surveys have been completed and others are now in progress. The Commission strongly supported the recently passed ordinances which established an executive budget and a capital outlay budget. It also supported the legislation which created a central purchasing department.

*

Chicago Committee on Public Expenditures.—During August the Committee issued a report analyzing the financial status of the Chicago school system. Tables showing tax collections, liabilities by funds exclusive of bonded indebtedness, and probable assessed valuations are presented. From these data the conclusion is drawn that the board of education will have educational fund debts at the close of 1933 of at least \$35,000,000 in excess of all the resources and assets to be available for the payment of the debts.

John O. Rees, formerly with the Cleveland Municipal Research Bureau and more recently the director of the Joint Committee on Real Estate Valuation (of Chicago and of Cook County) is the director of the Committee on Public Expenditures.

*

Toledo Commission of Publicity and Efficiency.—The Commission has recently completed four brief studies. The tax rates of the six largest cities have been properly adjusted and the standing of Toledo among these cities analyzed. The recent passage of a law making the city liable in damages for injury to persons or property caused by negligence in the operation of motor vehicles other than police and fire equipment has raised the

question of insurance protection. The Commission, after examining the record of amounts paid by the city on such damage claims in past years (it has been the policy of the city to waive its governmental immunity) is of the opinion that the continuance of the present policy will cost the city much less than the purchase of insurance. A third study showed that false fire alarms cost the city about \$30,000 annually. In Toledo, in 1932, the fire department responded to 422 false alarms transmitted with malicious intent. In the same year the city of Milwaukee, almost twice the size of Toledo, responded to 16.

A survey of the city's motor equipment has disclosed that although the city owns one hundred twenty-five automobiles, ninety-six trucks, and twenty-one motorcycles and tractors in addition to the fire-fighting equipment, and makes use of about one hundred privately owned trucks and autos, there is no centralization in the purchase or maintenance of this equipment and no consistency in the compensation allowed private owners for the use of their machines.

The Commission is recommending that complete operating records of all vehicles, including bills of sale, purchasing records and other necessary information should be centralized in a single department such as the municipal garage and that the rates of compensation for hired vehicles be carefully readjusted strictly on a basis of the actual work performed.

*

Worcester Taxpayers Association.—This Association, the largest of the 140 taxpayers associations now active in Massachusetts, has more than 10,000 members. It was formed in July 1931, by a group of prominent citizens who contributed in proportion to the amount of their local taxes, incorporated under Massachusetts law, and hired an expert and office staff to find out how the city's money was being spent. All effort has been concentrated upon the problem of reducing municipal expenditures. The Association takes the stand that city officials know best how economies can be instituted in their various departments and that they will effect them when given sufficient popular support. The Association has endeavored to make economy good politics. It has coöperated with public officials and has given full credit to

the officials responsible for various economy measures adopted. The radio, as well as the press, has been utilized in broadcasting the views of the Association. The current city budget of \$13,350,000 is approximately \$2,000,000 under that of last year.

John H. Mahoney is the director of the Association.

*

Boston Municipal Research Bureau.—The purchase of an old hotel by the city for use as a city hall annex was seriously considered by the city council during September. The investigations of the Bureau disclosed that the cost of remodeling the hotel would be at least \$200,000 and that interest on the city's investment, and upkeep and maintenance costs would be substantially in excess of the amounts now being paid for quarters for the bureaus and agencies expected to occupy the new annex. It is understood that the City Council has now indefinitely deferred action on the proposal to purchase the hotel and that the owners have withdrawn their offer.

In a sixty-six page report on the \$23,500,000 public works program proposed by the mayor, the Bureau opposed the building of an \$8,500,000 subway and urged the State Emergency Finance Board which has authority over these expenditures, to limit other projects to a total of \$7,000,000. The Emergency Finance Board followed these recommendations except that the proposed \$7,000,000 limit was increased to \$10,000,000. The mayor, however, withdrew his whole program when the State Board announced its decision and the indications are that he will continue to fight for favorable action on the subway project before submitting other projects for approval.

*

Cleveland Citizens League.—Last spring when the banks closed the League was compelled to suspend its weekly publication, *Greater Cleveland*. The last issue was mailed on February 23. Publication of this news bulletin was resumed on September 20 and the issue of this date outlines the following projects which are on the League's program for fall and winter: (a) Investigate and report on some 225 candidates for 38 offices; (b) Campaign for the adoption of the county home-rule amendment; (c) Report on the several issues on the November ballot; (d) Scrutinize budgets of the larger units of gov-

ernment and attend budget hearings; (e) Prepare several important committee reports; (f) Attend meetings of council, boards, and commissions; (g) Render an advisory service to public officials; (h) Prepare and publish *Greater Cleveland*.

The League has taken an active part in civic affairs of Cleveland for more than 25 years. Clarence A. Dykstra, the present city manager of Cincinnati, was at one time its executive director. The League conducted the campaign for the civil service constitutional amendment in 1912 and framed the civil service law adopted in 1913. It framed and secured the enactment of an election code now regarded as one of the best on the statute books. It has been active in the campaign for county home rule and reorganization of county government. Numerous investigations have been made which have resulted in substantial economies in various city and county expenditures notably in the maintenance of the county building, the feeding of prisoners, the recording of deeds, the administration of the coroner's office, and in city printing. At the present time the League is urging a reorganization of the school administrative system.

Sherwood Reeder, former finance secretary of the League, is now with the Finance Division of the Federal Emergency Public Works Administration. Mayo Fesler is the director of the League.

*

Citizens Research Institute of Canada.—Data collected from the financial officers of the majority of urban communities in Canada with a population of 10,000 or over indicate the following trends: (1) There is a slight decrease in taxes levied in 1933 compared with 1932; (2) Municipalities in the western provinces decreased levies by 5.2 per cent, those in Ontario by 3.7 per cent, and those in Quebec and the Maritime group by 2.5 per cent; (3) Many municipalities have increased their budget estimates of uncollectible taxes; (4) Nineteen hundred and thirty-three taxes are not being paid as promptly as were 1932 taxes although the lag is slight; (5) The collection of delinquent taxes is even less satisfactory in 1933 than in 1932 and the amount of arrears remaining at the reporting date was 8 per cent higher in 1933 than in 1932.

The Institute has just issued its Budget Story No. 1, pointing out that putting num-

bers down on paper may result in a document which looks like a budget and "makes a noise like a budget" but that this process cannot produce a real budget. The Institute insists that no budget can be considered complete which does not include a statement of work to be done or service to be rendered, an estimate of funds needed, and the provision of funds to meet proposed expenditures with adequate provision for uncollectible taxes and for some extremely slow collections. An effort is being made to improve the present budgets of Canadian municipalities in accordance with these principles.

*

Baltimore Commission on Governmental Efficiency and Economy.—Annual debt service costs now amount to 27 per cent of the Baltimore city budget and the city has the third highest per capita debt among cities of its population class being exceeded only by New York and Philadelphia. These are some of the factors which led to the complete study and analysis of Baltimore's debt problem recently completed by the Commission. The Commission's report presents statistical and historical data relative to the present city debt in full detail.

To maintain its present high credit rating, the city must, in the opinion of the Commission, practice additional safeguards and adopt a fiscal policy of still greater conservatism.

*

Bureau of Governmental Research of New Orleans.—The Bureau has now been in existence about six months. During this time it has been busy getting acquainted with city officials and the city's administrative machinery.

Like many cities, after the national bank holiday, New Orleans found its financial affairs in confusion. A detailed study of scrip, its legality, its uses, and counterfeit precautions, was made by the Bureau. It was found that scrip was impracticable, and the Bureau recommended that it be used only in case of

dire necessity. This recommendation coincided with the feelings of city and school officials.

The Bureau also recently coöperated with city officials in the rewriting of the city's gasoline tax ordinance. The new ordinance minimizes the opportunity for "bootlegging," and it is estimated that New Orleans will now be able to collect yearly, approximately \$150,000 more in gasoline taxes.

An exhaustive study of New Orleans' bonded indebtedness has been made, and the report is now in its preliminary form. After a consideration of this report, city officials will know better how far they should go in accepting loans under the National Industrial Recovery Act.

*

Hamilton County Taxpayers League.—

Since May 1, the research director and the accountant of the League have been engaged in making a survey of various city departments. Tentative drafts of the report on the department of public utilities grounds and buildings, the department of street and sewers, and on the police department were presented to the League's board on September 19.

These reports contained many specific suggestions for achieving greater efficiency and economy in these two departments. Harrington Place, a consulting engineer who was until recently connected with the Detroit Bureau assisted the League's director, John Willmott, in the preparation of certain sections of these reports.

The League has this year made a number of experiments looking towards the popularization of its research findings. In the opinion of the director it is essential that research agencies devote more attention to the task of making technical administrative details understandable and significant to the average man in the street. Carrying out this idea, the League has prepared in popular style a series of bulletins dealing with assessment methods and numerous series of newspaper articles summarizing the various reports of the League.





NOTES AND EVENTS

Detroit Defeats Tammany Slate.—In a strictly non-partisan city primary, and on the issue of non-partisan government, Detroit voters (October 10) snowed under the factions of party democracy that frankly tried to "capture the city hall" in the interest of Tammany, spoils control. Following the Democratic landslide of last November 8, with its revolutionary change in this normally Republican state, a vigorous effort was launched to upset Detroit's non-partisan system. A campaign was made last spring to substitute, by charter amendment, a ward-elected city council for the present plan, nine councilmen chosen at large. After a short campaign the Tammany program was defeated April 3 by a vote of nearly three to one.

"We didn't have time to organize," said the spoils faction of Democrats. Close organization was the objective preceding the recent biennial municipal primary. Harry Mead, a war veteran, was made the candidate for mayor, with various slates of candidates, pledged to partisan democracy, for the offices of city clerk, city treasurer, and the council. It was the largest primary in the city's history—for mayor, twelve candidates; and for the eighteen council nominations, a total of more than one hundred.

Aided by publicity through the *Free Press* and *News*, the non-partisan forces, led by the Citizens League, administered a second rousing defeat to the partisan group, who were somewhat divided among themselves. Mead was not even nominated; out of 170,000 votes he received only 18,000. The youthful Frank Couzens, son of U. S. Senator Couzens, though handicapped by the banking controversies of his father in this area, ran away with the field, polling 95,493 votes. The other nominee, who polled 23,174 votes, was Philip Breitmeyer, a former mayor of good repute.

The entire result was complete vindication of the forces of non-partisanship. Despite the conditions there was no visible Republican activity; as a former councilman and, for a few months, mayor, Mr. Couzens had impressed the city as eager to do a good job of industrious, non-political administration, in the best spirit of the city manager idea. Among the council nominees were all present members, and two women, Mesdames Osborn and Gomon, well schooled in public service.

By a majority of three to one a charter amendment was adopted which helps the city and the taxpayers by easing the penalties on tax delinquency of recent years. The real victory was for the city itself, and for the three-point financial program recently worked out by city officials, in coöperation with business and civic groups; this includes a definite plan of debt refunding, now well in hand; the charter amendment on delinquent taxes, and continued insistence on rigid economy.

W. P. LOVETT.

Detroit Citizens League.

Legislative Council in Michigan.—By Act of the Michigan legislature of 1933 there has been created in that state a legislative council, numbering nine members. The lieutenant-governor, who is president of the Senate, and the speaker of the House of Representatives are made members *ex-officio*. The former appoints three members of the council from the personnel of the Senate, and the latter selects four members of the lower house. Bi-partisan representation is expressly guaranteed by the provisions of the Act. Membership on the council ceases with the expiration of the elective terms of the members. Vacancies in the selected membership are to be filled by appointments.

This legislative council is to function during

the intervals between legislative sessions. Specific duties with which the council is charged by law are: (a) the preparation of a legislative program for the next ensuing legislative session or the next succeeding legislature; (b) accumulation and compilation of information which the council may deem needful or useful; (c) making this information available to members of the legislature.

Explicit aids to the fulfillment of these functions are provided in large measure by the text of the Act. The council has the right to appoint subcommittees directly responsible to it, and to call upon other members of the legislature for service and assistance in the preparation of the program of proposed legislation. All committees and commissions appointed by the legislature to make special studies and to prepare legislation shall hereafter report to the legislature through the medium of the legislative council, and it is intended that these legislative committees co-operate with their presumptive superior, the council.

Large grants of inquisitorial power are made to the legislative council, which can subpoena witnesses and documents. It has power to examine into the costs of all state activities and to recommend to the legislature such changes in the operation of the various departments, institutions, boards, or commissions of the state government "as will reduce the governmental expense without impairing governmental efficiency." The legislative council has jurisdiction and power to scrutinize the files and records of any state department, institution, board, or commission, and it is declared the duty of all officers and employees of such state agencies to afford to the members of the council and its authorized representatives access to all such records and files, and to give to the council such information as they possess concerning any matter properly before it.

The council elects its own chairman, adopts its own rules of procedure, holds regular meetings and hearings, makes such studies and examinations as may from time to time seem proper, and may incur such incidental expenses as it deems necessary.

It may here be pointed out that the greatest weakness of the scheme inheres in this obvious defect; in no wise at all are the legislative and administrative branches geared together. However, this particular point

would have required amendment of the state constitution, and may be less fatal in view of the inception of a movement for constitutional revision. The apparatus for a profitable experiment is set up; results may be anticipated; but the problems of the integration of the policy-determining and the policy-enforcing branches of the Michigan government remains untouched.

CHARLES W. SHULL

Colleges of the City of Detroit.

*

Ohio Women Voters Aid County Home-Rule Movement.—A county government conference was conducted at the convention of the Ohio State League of Women Voters, where the results of governmental surveys in various counties were presented. These surveys, covering Athens, Clark, Cuyahoga, Franklin, Hamilton, Lucas, Montgomery, Ross, and Summit Counties, had been made by various Leagues throughout the state under the guidance of Miss Agnes Hilton, state chairman for efficiency in government, and Mrs. H. A. Rider, county government survey chairman, and were part of the local government activities of the State League, under the leadership of Mrs. N. M. Stanley, president, and Miss Opal Davis, executive secretary.

Most of the surveys indicated the need of a county executive officer to whom all departments are responsible, and also the desirability of limiting popular election to the choice of policy-determining officials, with longer tenure in some cases.

All surveys showed a lack of efficient administration of the merit system. The use of "deputies" to escape civil service requirements was found to be extensive. Duplication of records, particularly in the county auditor's and treasurer's office, and lack of coördination of related activities, most clearly illustrated by public welfare, were outstanding defects. The weaknesses of the present "J. P." system, the obsolete township unit of government, the public defender, and larger units of school administration, were also discussed.

Realizing the inflexibility of our present set-up, the various leagues reaffirmed at this conference their active support of the proposed amendment to the constitution which would permit each county, so desiring, to formulate plans for a structure more in conformance with present needs. Thus if Cuyahoga

County believes in some form of a metropolitan government, as was evidenced by many of the recommendations, it would be possible to effect such changes.

Talks to clubs by League members, newspaper articles, and radio broadcasts on county government have done much to arouse interest in the work of the surveys; and it is hoped that these means of educating the public to the present county situation in Ohio will help bring success to the county home-rule amendment in the November election.

MRS. ROY V. SHERMAN

Akron, Ohio.

*

Oakland's Council-Manager Government Overcomes a Snag.—The need for continuing interest and activity on the part of the adherents of council-manager government has been recently demonstrated in Oakland, California. When Oakland adopted the manager plan, in 1930, there was a citizens' organization, the Council-Manager League, which took a prominent part in securing the change of government and afterwards attempted to maintain and develop interest in the new form. By 1933, however, a considerable part of its membership became apathetic.

This situation, together with the usual indifference manifested in the electorate in going to the polls, and the votes of those dissatisfied for one reason or another with the new city government, secured the defeat at the spring election of the four councilmen formerly representing the Council-Manager League, who were up for reelection. The former mayor, originally a Council-Manager League man, did not run for reelection; his seat in the council was filled by the only avowed council-manager candidate to be elected, Dr. W. J. McCracken, former president of the Board of Library Directors.

Feeling aroused during the campaign (due in part to the opposition of the firemen and policemen to the charter amendment salary proposals of a citizens' committee linked with the manager) was such that four of the newly elected councilmen assumed that their election was on a platform to oust the present city manager, O. E. Carr. With two of the four hold-over councilmen known to be opposed to him, it was thought that his dismissal was assured.

However, when the new council organized,

July 1, Dr. McCracken was chosen mayor, instead of a known opponent of Mr. Carr, slated for mayor at a previous caucus. When an ordinance to oust the manager was introduced, Mr. Carr arose in the meeting and reminded the council that under the charter he was entitled to a statement in writing of the charges against him and to a public hearing on them and that he was demanding both, not as a protection to him but as a protection to the citizenship in general, that they might know on what grounds their manager was being dismissed. The written charges were never preferred.

Mr. Carr's record for efficiency and economy in government, while providing much work on an emergency unemployment relief program, together with the danger of entrusting the immediate budget problem for the new fiscal year to anyone else, were no doubt major factors in defeating the attempt to force his dismissal.

Efforts are on foot looking toward the reorganization of the Council-Manager League or the formation of an entirely new citizen organization on a basis that will enlist citizen support on a larger scale and more actively, continuously, and confidently than before.

On July 27, Mr. Carr presented to the new council his recommendations for the 1933-34 budget. A number of very unusual complications faced him in preparing this budget, chief among them being a reduction of \$29,000,000 in the valuations on which Oakland taxes are to be levied. This will necessitate a slight increase in the rate of taxation for next year, but under the manager's budget the net cost of government will again be reduced for next year.

*

New Jersey Adds to Ranks of Manager Cities.—Following close upon the adoption of the council-manager plan by Hackensack, New Jersey, the well-known resort city of Asbury Park, in the same state, has likewise voted in this modern form of government by a comfortable margin. The vote was 3,737 for the plan and 2,950 against it. The Citizens' and Taxpayers' Association, which carried on the successful campaign, is organizing to elect councilmen who can be counted on to choose a competent manager. The election of councilmen is scheduled for November 7.

Detroit to Pay State Under Refunding Plan.—Final approval of the refunding plan for the public debt of Detroit, Michigan, was given a few days ago by the Public Debt Commission of the state of Michigan. A total of \$150,559,632 of bonds and notes, or 53 per cent of the total outstanding, was reported to have been deposited with the Bondholders' Refunding Committee by October 17 when it announced that the initial payment of interest amounting to \$1,118,730 would be made on or before December 15. The plan does not involve the city street railway bonds which have paid interest regularly, nor the water bonds on which interest payments were resumed on July 1. The cost of the refunding is not to exceed \$1,000,000 and is to be paid by the city.

*

Reductions in Municipal Expenditures.—A compilation of the expenditures for ordinary municipal purposes in 1931, 1932, and 1933 (estimated) has been made by J. L. Jacobs and Company, of Chicago, covering forty-two cities, the largest of which are Los Angeles, St. Louis, Milwaukee, Buffalo, and Cincinnati. Amounts expended for unemployment or emergency relief purposes have been omitted. The totals for the forty-two cities for 1931, 1932, and 1933, respectively, are: operation and maintenance, \$316,061,873,—\$293,518,849,—\$264,835,978; principal and interest on bonds, \$96,012,623,—\$94,207,351,—\$102,205,405; permanent improvements, \$82,201,796,—\$55,810,753,—\$31,039,097; grand totals, \$494,276,292,—\$443,536,953, and \$398,080,480.

*

Newark Tax Drive.—October 9 to 19 was set aside by the city of Newark for a concentrated effort to contact delinquent taxpayers and remind them of their obligation to their city government to reduce delinquent taxes that had been mounting for a number of years and today total over \$20,000,000.

A citizens' committee of business men and industrial leaders, numbering forty in all, had charge of the drive, which was patterned after the type of campaign conducted by the community chest. School teachers and other

public employees in addition to volunteers were used as solicitors in a house to house canvass. Information with respect to the delinquent taxpayer, the amount owed the city, and the years on which back taxes were due was listed on cards for each of the forty-two tax divisions of the city.

The results of the drive cannot be measured entirely by the increased collections that have already resulted from it. Figures for the first half of October show that current and delinquent collections during this period were 42 per cent greater than for the same period the previous year. When adjustments are made for the lower levy in 1933, it shows an increase in collections of 73 per cent. Part of these collections were for taxes becoming delinquent December 1 but these account for less than 30 per cent of the amount collected during the period.

The real results of the drive are to be measured not alone by collections made during the campaign. The additional advantage of contacting 16,700 property owners and obtaining from them a signed pledge to pay back taxes by one of several optional arrangements for installment payments will, it is expected, result in increased payments during months to come.

The Citizens' Advisory Finance Committee is now engaged in a reorganization of the tax billing and collecting procedure of the city as an aid to a closer follow-up of both delinquent and current payments to provide frequent billing and as a reminder to those who signed pledges and to other delinquent taxpayers.

The tax drive was planned and carried out by Reginald C. S. Parnell, director of the department of revenue and finance, Dr. I. J. Rockland was chairman of the citizens' general committee; Milton S. Ludlow, Public Service Corporation, chairman of the campaign committee; Ronald Jump, Mutual Benefit Life Insurance Company, chairman of the publicity committee. In addition to these, ten other committees assisted in planning and carrying out various phases of the work.

HOWARD G. FISHACK.
Citizens Advisory Finance Committee.

A PLAGUE OF SPECIAL DISTRICTS

(Continued from Page 547)

His budgeting becomes a farce! If the sums that he must spend for clothing, for food, for recreation, etc., are all fixed, there is no point to budgeting. Furthermore the decentralization in the actual conduct of services through independent agencies makes for much trouble, lack of coöperation and duplication of effort; —not to mention the evils of the long ballot.

On the whole, county governing boards and city councils stand to acquire greatly increased power as a result of doing away with special districts —genuine or disguised; —and certainly

they would gain greatly in power by abolition of many special rates. But increased power means increased opportunities for doing the things that need to be done—chiefly an opportunity for budgeting wisely. Any attempt to effect economies through a structure of many jurisdictions, and within the ambit of a complicated net of fixed rates is almost sure to fail. City and county officers must be released from their strait-jackets and given a chance to assume real power and responsibility. If we are afraid to give them such power because of the evil they might do, we are indeed afraid to put modern democracy to the test.

SOCIAL INSURANCE

THE ANNALS

NOVEMBER, 1933

This volume contains sixteen articles, the first two of which are of a general nature, followed by one on Trends in Workmen's Compensation Legislation, seven on unemployment insurance, three on old age pensions, and three on health insurance.

Each section contains two papers which present the opposing views on the particular form of insurance under consideration.

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THE LEAGUE'S BUSINESS

Large Attendance at Annual Meeting.—Registrations at the National Conference on Government, held in Atlantic City on November 9, 10, and 11, were almost double those of last year, indicating the increased interest in the subject of better government.

The conference endorsed the principles of the Rockefeller liquor control report; also urged federal legislation to help defaulting municipalities. A more detailed account of the proceedings will be found on the editorial page. The report of the secretary, covering the work of the office from October 1, 1932 to October 1, 1933, was distributed in mimeographed form. This report is now available to members upon request.

* * *

Election of Officers for 1934.—The report of the Committee on Nominations was accepted at the annual meeting, and the individuals listed on League's Business page in the October REVIEW were elected. Cover two of this issue contains the new slate of League officers.

* * *

Meeting of Liquor Control Committee.—A meeting of the committee on liquor control legislation has been called by the Hon. Frank O. Lowden, *chairman*, for Tuesday, December 12, in New York City. The membership of the committee includes: Luther Gulick, *vice chairman*; Fred G. Clark, *vice chairman*; Frank Bane; Louis Brownlow; A. E. Buck; Marshall E. Dimock; Pierre S. duPont; John W. Eggleston; Miss Lavinia Engle; Mark Graves; Arnold Bennett Hall; Leonard V. Harrison; Simeon E. Leland; Seabury C. Mastick; C. H. Morrisett; John G. Pollard; Henry W. Toll; Lent D. Upson; John G. Winant.

* * *

Western Conference on Government.—Coöperation of the National Municipal League in a Western Conference on Government in conjunction with other organizations in this field was authorized by the executive committee at a meeting held on November 28 at the City Club of New York. The Western Conference will probably be held late in March or early in April at the University of California.

* * *

League to Offer Financial Consulting Service.—An arrangement with Dr. Thomas H. Reed, of the University of Michigan, by which the National Municipal League will offer his services as financial consultant in critical municipal situations was unanimously approved by the executive committee. The arrangement will be on a contingent basis similar to that under which Dr. Hatton long functioned as charter consultant for the League. The executive committee authorized the chairman to appoint an advisory committee to work with Dr. Reed, the membership of which is as follows: H. S. Buttenheim, *chairman*; Richard S. Childs, Frank H. Morse, Carl H. Pforzheimer, and Laurence A. Tanzer.

HOWARD P. JONES, *Secretary*.